

119TH CONGRESS
2D SESSION

S. 4825

To amend the Internal Revenue Code of 1986 to impose an excise tax on systemically important AI activity, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 18, 2026

Mr. SANDERS introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to impose an excise tax on systemically important AI activity, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “American A.I. Sov-
5 ereign Wealth Fund Act”.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

8 (1) When a public resource generates wealth,
9 the public should share in that wealth.

1 (2) Artificial intelligence is a public resource
2 that derives its economic value from humanity's col-
3 lective intelligence, including our books, songs, art-
4 work, journalism, computer code, scientific research,
5 videos, conversations, images, and ideas spanning
6 generations.

7 (3) A small number of oligarchs have essentially
8 stolen the creative work of hundreds of millions of
9 people—writers, artists, musicians, journalists,
10 teachers, scientists, and ordinary citizens—without
11 permission, acknowledgment, or compensation in
12 order to control the majority of economic value cre-
13 ated by artificial intelligence.

14 (4) Artificial intelligence is built on the collec-
15 tive knowledge of humanity and the wealth it gen-
16 erates must benefit humanity.

17 (5) Sixty-seven countries throughout the world
18 operate more than 100 sovereign wealth funds to en-
19 sure working families benefit from public resources
20 and national wealth.

21 (6) Sovereign wealth funds have existed in the
22 United States for more than 150 years.

23 (7) The Texas Permanent School Fund was es-
24 tablished in 1845 and distributed nearly

1 \$5,000,000,000 to Texas schools for the 2026–2027
2 school year.

3 (8) The Alaska Permanent Fund was estab-
4 lished 50 years ago from the State’s oil revenues,
5 and for decades it has paid dividends directly to
6 Alaskans. In 2022, that dividend check was \$3,284
7 per person; in 2023 it was \$1,312; in 2024 it was
8 \$1,702; and in 2025 it was \$1,000.

9 (9) Today, 6 States operate sovereign wealth
10 funds that control over \$300,000,000,000 in assets.

11 (10) Industry leaders support the creation of an
12 artificial intelligence sovereign wealth fund to ensure
13 the American people have a seat at the table to en-
14 sure artificial intelligence is developed safely and to
15 benefit humanity, including—

16 (A) OpenAI, which has proposed a “Public
17 Wealth Fund that provides every citizen—in-
18 cluding those not invested in financial mar-
19 kets—a stake in AI-driven economic growth”;

20 (B) Anthropic, which has proposed a sov-
21 ereign wealth fund to “shape the sector’s behav-
22 ior and distribute AI-derived wealth more equi-
23 tably”; and

24 (C) Elon Musk, who has proposed “uni-
25 versal HIGH INCOME via checks issued by the

1 Federal Government” to address unemployment
 2 caused by artificial intelligence.

3 **SEC. 3. EXCISE TAX ON SYSTEMICALLY IMPORTANT AI**
 4 **COMPANIES.**

5 (a) IN GENERAL.—Subtitle D of the Internal Rev-
 6 enue Code of 1986 is amended by adding at the end the
 7 following new chapter:

8 **“CHAPTER 50B—SYSTEMICALLY**
 9 **IMPORTANT AI COMPANIES**

“Sec. 5000E. Excise tax on systemically important AI activity.

10 **“SEC. 5000E. EXCISE TAX ON SYSTEMICALLY IMPORTANT AI**
 11 **ACTIVITY.**

12 “(a) IN GENERAL.—

13 “(1) INITIAL TAX.—There is hereby imposed on
 14 any applicable AI company a tax equal to the
 15 amount determined under subsection (b).

16 “(2) ADDITIONAL TAX.—

17 “(A) IN GENERAL.—In any case in which
 18 an applicable AI company issues equity inter-
 19 ests (including equity interests issued as, or in
 20 settlement of, employee or other service-pro-
 21 vider compensation) after the date on which the
 22 tax is first imposed on such applicable AI com-
 23 pany under paragraph (1), there shall be im-
 24 posed a tax equal to the amount determined

1 under subsection (b) by taking into account
2 only the equity interests so issued.

3 “(B) SPECIAL RULE.—For the purposes of
4 this paragraph, equity interests transferred or
5 delivered in connection with the settlement, ex-
6 ercise, or vesting of any stock option, restricted
7 stock unit, or other equity-based compensation
8 award shall be treated as additional equity in-
9 terests issued at the time of such transfer or
10 delivery without regard to when the award was
11 granted.

12 “(3) COORDINATION WITH SEPARATION RE-
13 QUIREMENT.—

14 “(A) IN GENERAL.—In the case of an ap-
15 plicable AI company that is required to sepa-
16 rate its applicable AI trade or business pursu-
17 ant to section 4 of the American A.I. Sovereign
18 Wealth Fund Act, no tax shall be imposed
19 under this section until such separation is com-
20 plete, and upon completion the tax shall apply
21 only to the separated entity that holds the ap-
22 plicable AI trade or business.

23 “(B) SEPARATION PERIOD.—The tax
24 under this section shall be imposed on the sepa-
25 rated entity as of the date the separation is

1 complete or the date by which structural sepa-
2 ration is required under section 4 of the Amer-
3 ican A.I. Sovereign Wealth Fund Act, whichever
4 is earlier.

5 “(b) AMOUNT OF TAX; REMITTANCE.—

6 “(1) IN GENERAL.—The amount of tax imposed
7 by subsection (a) is of such amount that imme-
8 diately after the tax has been paid, the Secretary
9 shall hold 50 percent of all outstanding equity inter-
10 ests in the applicable AI company, to be remitted in
11 exact proportion of the outstanding equity interests
12 (including by class of interest) in such entity imme-
13 diately prior to the tax being paid.

14 “(2) FORM OF REMITTANCE.—All equity inter-
15 ests remitted in satisfaction of the tax imposed by
16 this section shall be equity interests newly issued by
17 the applicable AI company for purposes of such re-
18 mittance. No previously outstanding, treasury, or re-
19 purchased equity interest may be used to satisfy the
20 tax. Notwithstanding any provision of the certificate
21 of incorporation, bylaws, or other governing docu-
22 ment of the applicable AI company, including any
23 limitation on the number of authorized equity inter-
24 ests or any requirement of approval for issuance, the

1 company shall issue and remit the equity interests
 2 required under this section.

3 “(3) TREATMENT OF REPURCHASES AND NEW
 4 ISSUANCES.—Equity interests issued and remitted
 5 under paragraph (2) shall not be treated as an
 6 issuance of additional equity interests for purposes
 7 of subsection (a)(2). Any repurchase or redemption
 8 of equity interests by the applicable AI company
 9 shall not reduce the number of outstanding equity
 10 interests taken into account in determining the
 11 amount required to be remitted under this sub-
 12 section.

13 “(c) APPLICABLE AI COMPANY.—For purposes of
 14 this section—

15 “(1) IN GENERAL.—The term ‘applicable AI
 16 company’ means any corporation or partnership—

17 “(A) which is engaged in 1 or more appli-
 18 cable AI trades or businesses for any taxable
 19 year beginning after December 31, 2025, and

20 “(B) with respect to which the aggregate
 21 gross receipts from such trades or businesses
 22 for the calendar year in which such taxable year
 23 begins exceed \$200,000,000.

24 “(2) APPLICABLE AI TRADE OR BUSINESS.—

1 “(A) IN GENERAL.—The term ‘applicable
2 AI trade or business’ means any trade or busi-
3 ness engaged in activities related to one or
4 more of the following:

5 “(i) AI data centers.

6 “(ii) AI computing infrastructure.

7 “(iii) AI services.

8 “(iv) Researching, producing, or man-
9 ufacturing advanced robotics.

10 “(B) TRADE OR BUSINESS.—For purposes
11 of this paragraph, the term ‘trade or business’
12 shall include any activity treated as a trade or
13 business under paragraph (5) or (6) of section
14 469(c) (determined without regard to the
15 phrase ‘To the extent provided in regulations’
16 in such paragraph (6)).

17 “(3) SPECIAL RULES.—For purposes of para-
18 graph (1)(B)—

19 “(A) AGGREGATION RULES.—For purposes
20 of determining aggregate gross receipts, all per-
21 sons which are treated as a single employer
22 under subsections (a) and (b) of section 52
23 shall be treated as a single person.

24 “(B) ELECTION TO USE TAXABLE YEAR.—

1 “(i) IN GENERAL.—If an applicable
 2 AI company makes an election under this
 3 subparagraph, paragraph (1)(B) shall be
 4 applied by substituting ‘such taxable year’
 5 for ‘the calendar year in which such tax-
 6 able year begins’.

7 “(ii) ELECTION.—An election under
 8 this subparagraph shall be made at such
 9 time and manner as the Secretary may
 10 provide and, once made, may be revoked
 11 only with the consent of the Secretary.

12 “(C) GROSS RECEIPTS.—Rules similar to
 13 the rules of subparagraphs (B), (C), and (D) of
 14 section 448(c)(3) shall apply in determining
 15 gross receipts.

16 “(d) OTHER DEFINITIONS.—For purposes of this
 17 section—

18 “(1) AI DATA CENTER.—The term ‘AI data
 19 center’ means all the buildings, equipment, struc-
 20 tures, and other stationary items, such as server
 21 racks, that—

22 “(A) are located on a single site or on con-
 23 tiguous, adjacent, or otherwise connected sites,

24 “(B) are owned or operated by the same
 25 entity or by any entity that controls, is con-

1 trolled by, or is under the common control of
2 that entity, regardless of whether the site is a
3 single-occupant or multi-occupant facility, and

4 “(C)(i) are used for the development or op-
5 eration of artificial intelligence models at scale,
6 or

7 “(ii)(I) have a maximum rated power ca-
8 pacity or total peak power load in excess of 20
9 megawatts, and

10 “(II) are designed or equipped—

11 “(aa) to deliver 20 kilowatts or more
12 of electrical power to a single server rack,
13 or

14 “(bb) to utilize cooling systems that
15 circulate liquid to individual hardware
16 components or submerge electronic hard-
17 ware in liquid.

18 “(2) AI COMPUTING INFRASTRUCTURE.—The
19 term ‘AI computing infrastructure’ means semi-
20 conductors, integrated circuits, and products con-
21 taining integrated circuits, including computers, net-
22 working equipment, and data storage systems, that
23 will be used:

24 “(A) in an artificial intelligence data cen-
25 ter, or

1 “(B) in the training or deployment of arti-
2 ficial intelligence models at scale.

3 “(3) AI SERVICES.—

4 “(A) IN GENERAL.—The term ‘AI services’
5 means the development, distribution, or sale of
6 an artificial intelligence model that was trained
7 using a quantity of computing power greater
8 than or equal to 10^{25} integer or floating-point
9 operations.

10 “(B) ADJUSTMENT.—The Secretary shall
11 annually, in coordination with the Secretary of
12 Commerce, adjust the computing power thresh-
13 old under subparagraph (A) to reflect changes
14 in the efficiency of training methods or other
15 technological developments made after the date
16 of enactment of this section to maintain equiva-
17 lency with 10^{25} integer or floating-point oper-
18 ations.

19 “(4) ADVANCED ROBOTICS.—The term ‘ad-
20 vanced robotics’ means an automated or semi-auto-
21 mated mechanical system that uses artificial intel-
22 ligence to perform tasks with partial or full inde-
23 pendence from direct human control for commercial
24 or industrial applications.

1 “(5) EQUITY INTERESTS.—The term ‘equity in-
2 terests’ means—

3 “(A) in the case of a corporation, stock in
4 such corporation, and

5 “(B) in the case of a partnership, any cap-
6 ital or profits interest.

7 “(e) REGULATIONS AND GUIDANCE.—The Secretary
8 shall prescribe such regulations or other guidance as the
9 Secretary determines necessary or appropriate to carry
10 out this section.”.

11 (b) AMERICAN A.I. SOVEREIGN WEALTH FUND.—

12 (1) ESTABLISHMENT OF FUND.—Subchapter A
13 of chapter 98 of the Internal Revenue Code of 1986
14 is amended by adding at the end the following new
15 section:

16 **“SEC. 9512. AMERICAN A.I. SOVEREIGN WEALTH FUND.**

17 “(a) CREATION OF TRUST FUND.—There is estab-
18 lished in the Treasury of the United States a trust fund
19 to be known as the American A.I. Sovereign Wealth Fund
20 (in this section referred to as the ‘Fund’), consisting of
21 such amounts as may be transferred to such Trust Fund
22 as provided in this section or section 9602(b).

23 “(b) TRANSFERS TO FUND.—There is hereby trans-
24 ferred to the Fund the equity interests collected as taxes

1 under section 5000E and any income or gain from such
2 equity interests.

3 “(c) MANAGEMENT OF FUND.—The assets of the
4 Fund shall be managed by the Independent Commission
5 for Democratic AI.

6 “(d) DISTRIBUTIONS FROM FUND.—

7 “(1) IN GENERAL.—

8 “(A) ANNUAL AMOUNT.—There are au-
9 thorized to be appropriated from the Fund for
10 each fiscal year amounts equal to 5 percent of
11 the average market value of the Fund for the
12 fiscal year, reduced by the reasonable costs of
13 administering the Fund.

14 “(B) AVERAGE MARKET VALUE.—For pur-
15 poses of subparagraph (A), the average market
16 value of the Fund for a fiscal year is the aver-
17 age of the market values of the Fund deter-
18 mined as of the last day of each calendar month
19 ending in such fiscal year during which the
20 Fund held assets.

21 “(C) DETERMINATION OF MARKET
22 VALUE.—In determining the market value of
23 the Fund—

1 “(i) equity interests for which there is
2 a readily ascertainable market price shall
3 be valued at such price, and

4 “(ii) equity interests for which there
5 is no readily ascertainable market price
6 shall be valued by the Secretary using the
7 most recent transaction price, appraisal, or
8 other reasonable valuation method the Sec-
9 retary determines appropriate, and shall be
10 revalued not less frequently than annually.

11 “(2) USE OF DISTRIBUTIONS.—Amounts appro-
12 priated from the Fund shall be used, as provided in
13 appropriations Act or law, to provide for direct pay-
14 ments to the American people and to ensure that
15 every man, woman and child in the United States
16 has a decent and dignified standard of living, includ-
17 ing health care, education, housing, and a healthy
18 and habitable environment, in such manner as Con-
19 gress may provide.

20 “(3) PRESERVATION OF EQUITY INTERESTS.—
21 No distribution or amount appropriated from the
22 Fund under this subsection shall require the sale or
23 other disposition of, the equity interests held in the
24 Fund.

1 “(4) NO BAILOUT.—No amounts in the Fund
 2 may be used to provide financial assistance to, or for
 3 the benefit of, any applicable AI company (as de-
 4 fined in section 5000E) or other firm that is insol-
 5 vent or for the purpose of preventing the failure, in-
 6 solveny, or liquidation of any such firm.”.

7 (2) INDEPENDENT COMMISSION FOR DEMO-
 8 CRATIC AI.—

9 (A) IN GENERAL.—

10 (i) ESTABLISHMENT.—There is estab-
 11 lished within the Department of the Treas-
 12 ury the Independent Commission for
 13 Democratic AI (in this paragraph referred
 14 to as the “Commission”).

15 (ii) COMMISSIONERS.—The Commis-
 16 sion shall consist of 7 commissioners ap-
 17 pointed by the President, by and with the
 18 advice and consent of the Senate, of
 19 whom—

20 (I) 1 shall be designated as the
 21 Chairperson of the Commission and
 22 shall be selected from a list submitted
 23 by the Majority Leader of the Senate;

24 (II) 1 shall be designated as
 25 Vice-Chairperson of the Commission

1 and shall be selected from a list sub-
2 mitted by the Speaker of the House of
3 Representatives;

4 (III) 1 shall be appointed as a
5 representative of labor interests and
6 shall be selected from a list submitted
7 by the Majority Leader of the Senate
8 in consultation with the chair and
9 ranking member of the Committee on
10 Health, Education, Labor, and Pen-
11 sions of the Senate;

12 (IV) 1 shall be appointed from
13 among persons who have dem-
14 onstrated experience in the manage-
15 ment of a public pension fund, endow-
16 ment, sovereign wealth fund, or com-
17 parable institutional fund subject to
18 fiduciary obligations and shall be se-
19 lected from a list submitted by the
20 Speaker of the House of Representa-
21 tives in consultation with the chair
22 and ranking member of the Com-
23 mittee on Ways and Means of the
24 House of Representatives;

1 (V) 1 shall be appointed from
2 among persons who have dem-
3 onstrated experience in the develop-
4 ment, deployment, or governance of
5 artificial intelligence systems and shall
6 be selected from a list submitted by
7 the Majority Leader of the Senate in
8 consultation with the chair and rank-
9 ing member of the Committee on
10 Commerce, Science, and Transpor-
11 tation of the Senate;

12 (VI) 1 shall be appointed from
13 among persons who have dem-
14 onstrated experience in privacy and
15 data protection and shall be selected
16 from a list submitted by the Speaker
17 of the House of Representatives in
18 consultation with the chair and rank-
19 ing member of the Committee on the
20 Judiciary of the House of Representa-
21 tives; and

22 (VII) 1 shall be appointed as a
23 representative of public safety or na-
24 tional security interests and shall be
25 selected from a list submitted by the

1 Majority Leader of the Senate in con-
 2 sultation with the chair and ranking
 3 member of the Committee on Armed
 4 Services of the Senate.

5 Of the commissioners appointed under the
 6 preceding sentence, not more than 4 shall
 7 be affiliated with the same political party.

8 (iii) TIMING OF APPOINTMENT.—The
 9 President shall nominate a commissioner
 10 under each subclause of clause (ii) not
 11 later than 30 days after a list is submitted
 12 under such subclause.

13 (iv) QUALIFICATIONS.—

14 (I) FINANCIAL INTERESTS.—No
 15 commissioner, and no spouse or de-
 16 pendent of a commissioner, may hold
 17 any equity or other financial interest
 18 in any applicable AI company during
 19 the commissioner's service. Each com-
 20 missioner shall divest any such inter-
 21 est upon appointment.

22 (II) PRIOR EMPLOYMENT.—No
 23 individual may be appointed to the
 24 Commission if the individual was em-
 25 ployed by an applicable AI company

1 at any time during the two-year pe-
2 riod preceding appointment.

3 (III) PROHIBITION ON SERVICE
4 ON COMPANY BOARDS.—No person
5 shall be a commissioner if such per-
6 son, or the spouse or any dependent
7 of such person, serves on the board of
8 directors of an applicable AI company.

9 (v) TERMS.—A commissioner shall be
10 appointed for a term of 5 years.

11 (vi) VACANCIES.—

12 (I) IN GENERAL.—A vacancy on
13 the Commission shall be filled in the
14 manner in which the original appoint-
15 ment was made and shall be subject
16 to any conditions that applied with re-
17 spect to the original appointment.

18 (II) FILLING UNEXPIRED
19 TERM.—An individual chosen to fill a
20 vacancy shall be appointed for the un-
21 expired term of the commissioner re-
22 placed.

23 (vii) REMOVAL.—A commissioner may
24 be removed by the President only for inef-

1 iciency, neglect of duty, or malfeasance in
2 office.

3 (B) DUTIES AND POWERS.—

4 (i) IN GENERAL.—The Commission
5 shall—

6 (I) exercise all voting and govern-
7 ance rights attached to the equity in-
8 terests held in the American A.I. Sov-
9 ereign Wealth Fund; and

10 (II) manage the American A.I.
11 Sovereign Wealth Fund, in consulta-
12 tion with the Secretary of Labor, in
13 such manner as to effectively promote
14 the goals of worker welfare, public
15 safety, fair competition among appli-
16 cable AI companies (as defined in sec-
17 tion 5000E of the Internal Revenue
18 Code of 1986), environmental sustain-
19 ability, and financial solvency.

20 (ii) DESIGNATION OF REPRESENTA-
21 TIVES.—

22 (I) IN GENERAL.—The Commis-
23 sion shall designate qualified individ-
24 uals to serve as representatives of the
25 Fund on the board of directors of

1 each applicable AI company in which
2 the Fund holds equity interests, and
3 shall exercise the voting and govern-
4 ance rights attached to those interests
5 to cause such individuals to be elect-
6 ed, appointed, or designated to the
7 board of directors of the company, in
8 the largest number the Fund's equity
9 interests entitle it to elect, appoint, or
10 designate.

11 (II) DUTIES OF REPRESENTA-
12 TIVES.—A representative designated
13 under this section shall act to advance
14 the goals described in clause (i)(II).

15 (III) FIDUCIARY DUTIES.—Not-
16 withstanding any other provision of
17 law, any provision of the certificate of
18 incorporation, bylaws, or other gov-
19 erning document of the company, or
20 any duty owed under the law of the
21 company's jurisdiction of organization
22 (including any duty to balance inter-
23 ests under a public benefit corporation
24 statute), advancing the goals de-
25 scribed in clause (i)(II) shall be a

1 proper purpose consistent with the fi-
2 duciary and other duties of a rep-
3 resentative, even where doing so con-
4 flicts with the financial interests of
5 the company or its other equity hold-
6 ers. No representative, and no action
7 of a board of directors taken in ac-
8 cordance with this clause, shall be
9 subject to liability or challenge on the
10 ground that it advanced those goals.

11 (iii) NO COORDINATION AMONG COM-
12 PETITORS.—The Commission shall not ex-
13 ercise the voting or governance rights at-
14 tached to equity interests in two or more
15 applicable AI companies that compete in
16 the same market in any manner that co-
17 ordinates, or has the effect of coordinating,
18 the competitive conduct of such companies.

19 (iv) RECUSAL.—A commissioner shall
20 recuse himself or herself from any decision
21 uniquely affecting a company by which the
22 commissioner, or the spouse or any de-
23 pendent of such commissioner, was for-
24 merly employed during the 2-year period

1 after the commissioner was first appointed
2 to the Commission.

3 (v) TRANSPARENCY.—

4 (I) DISCLOSURE OF VOTES.—The
5 Commission shall make publicly avail-
6 able, not less frequently than quar-
7 terly, a complete record of how it ex-
8 ercised the voting rights attached to
9 the equity interests held by the Amer-
10 ican A.I. Sovereign Wealth Fund in
11 each applicable AI company, including
12 the matter voted upon and the man-
13 ner in which the Commission voted.

14 (II) DISCLOSURE OF GOVERN-
15 ANCE ACTIVITY.—The Commission
16 shall make publicly available, not less
17 frequently than annually, a report de-
18 scribing the significant positions taken
19 and actions directed by each commis-
20 sioner serving on the board of direc-
21 tors of an applicable AI company to
22 the extent such disclosure is not pro-
23 hibited by applicable law and does not
24 require the disclosure of material non-
25 public information of the company.

(III) FORM OF DISCLOSURE.—

Disclosures under this clause shall be made in a manner that is publicly accessible and machine-readable.

(C) PERSONNEL MATTERS.—

(i) COMPENSATION OF COMMISSIONERS.—A commissioner who is not an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which the commissioner is engaged in the performance of the duties of the Commission.

(ii) TRAVEL EXPENSES.—A commissioner shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

1 (iii) STAFF.—

2 (I) IN GENERAL.—The Chair-
3 person of the Commission may, with-
4 out regard to the civil service laws (in-
5 cluding regulations), appoint and ter-
6minate an executive director and such
7 other additional personnel as may be
8 necessary to enable the Commission to
9 perform its duties, except that the em-
10 ployment of an executive director shall
11 be subject to confirmation by the
12 Commission.

13 (II) COMPENSATION.—The
14 Chairperson of the Commission may
15 fix the compensation of the executive
16 director and other personnel without
17 regard to chapter 51 and subchapter
18 III of chapter 53 of title 5, United
19 States Code, relating to classification
20 of positions and General Schedule pay
21 rates, except that the rate of pay for
22 the executive director and other per-
23 sonnel may not exceed the rate pay-
24 able for level V of the Executive

1 Schedule under section 5316 of that
2 title.

3 (iv) DETAIL OF GOVERNMENT EM-
4 PLOYEES.—A Federal Government em-
5 ployee may be detailed to the Commission
6 without reimbursement, and such detail
7 shall be without interruption or loss of civil
8 service status or privilege.

9 (v) PROCUREMENT OF TEMPORARY
10 AND INTERMITTENT SERVICES.—The
11 Chairperson of the Commission may pro-
12 cure temporary and intermittent services
13 under section 3109(b) of title 5, United
14 States Code, at rates for individuals that
15 do not exceed the daily equivalent of the
16 annual rate of basic pay prescribed for
17 level V of the Executive Schedule under
18 section 5316 of that title.

19 (vi) CONFLICTS OF INTEREST.—

20 (I) FINANCIAL HOLDINGS.—Any
21 equity investments of a commissioner
22 shall be held in a blind trust during
23 any period in which such commis-
24 sioner serves on the Commission.

1 (II) SUBSEQUENT EMPLOY-
 2 MENT.—A former commissioner of the
 3 Commission may not accept employ-
 4 ment or compensation from any appli-
 5 cable AI company or begin service on
 6 the board of directors of such com-
 7 pany during the 5-year period fol-
 8 lowing the commissioner’s service on
 9 the Commission.

10 (D) FUNDING.—The costs of the operation
 11 of the Commission shall be paid from the assets
 12 and income of the American A.I. Sovereign
 13 Wealth Fund.

14 (E) APPLICABLE AI COMPANY.—For pur-
 15 poses of this paragraph, the term “applicable
 16 AI company” has the meaning given such term
 17 under section 5000E of the Internal Revenue
 18 Code of 1986.

19 (c) INFORMATION REPORTING.—

20 (1) IN GENERAL.—Subpart B of part III of
 21 subchapter A of chapter 61 of the Internal Revenue
 22 Code of 1986 is amended by adding at the end the
 23 following new section:

24 **“SEC. 6050BB. PURCHASES FROM AI BUSINESSES.**

25 **“(a) IN GENERAL.—Any person—**

1 “(1) who is engaged in a trade or business, and

2 “(2) who in the course of such trade or busi-

3 nesses purchases during the taxable year AI data

4 centers, AI computing infrastructure, AI services, or

5 advanced robotics in excess of the amount in effect

6 under section 448(c)(1) for such taxable year,

7 shall make a return according to the forms or regulations

8 prescribed by the Secretary, setting forth the amount of

9 such purchases and the name and address of the person

10 from whom such AI data center, AI computing infrastruc-

11 ture, AI services, or advanced robotics were purchased.

12 “(b) STATEMENT TO BE FURNISHED TO PERSONS

13 WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—

14 Every person required to make a return under subsection

15 (a) shall furnish to each corporation or partnership whose

16 name is required to be set forth in such return a written

17 statement showing—

18 “(1) the name, address, and phone number of

19 the information contact of the person required to

20 make such return, and

21 “(2) the aggregate amount of purchases from

22 such corporation or partnership required to be

23 shown on the return.

24 The written statement required under the preceding sen-

25 tence shall be furnished (either in person or in a statement

1 mailing by first-class mail which includes adequate notice
 2 that the statement is enclosed) to the person at such time
 3 and in such form as the Secretary may prescribe by regu-
 4 lations.

5 “(c) DEFINITIONS.—Any term used in this section
 6 which is used in section 5000E shall have the meaning
 7 given such term under section 5000E.”.

8 (2) PENALTIES.—Section 6724(d) of such Code
 9 is amended—

10 (A) in paragraph (1)(B), by striking “or”
 11 at the end of clause (xxviii), by inserting “or”
 12 at the end of clause (xxix), and by adding at
 13 the end the following new clause:

14 “(xxx) section 6050BB(a) (relating to
 15 purchases from AI businesses),”, and

16 (B) in paragraph (2), by striking “or” at
 17 the end of subparagraph (NN), by striking the
 18 period at the end of subparagraph (OO) and in-
 19 serting “, or”, and by inserting after subpara-
 20 graph (OO) the following new subparagraph:

21 “(PP) section
 22 6050BB(b) (relating to pur-
 23 chases from AI busi-
 24 nesses).”.

1 (d) ACCURACY RELATED PENALTIES.—Section 6662
 2 of the Internal Revenue Code of 1986 is amended by add-
 3 ing at the end the following new subsection:

4 “(n) APPLICATION TO EXCISE TAX ON SYSTEM-
 5 ICALLY IMPORTANT AI COMPANIES.—In the case of any
 6 underpayment of tax required under section 5000E, there
 7 shall be added to the tax under such section an amount
 8 equal to the excess of—

9 “(1) the amount determined under section
 10 5000E(b) (determined by substituting ‘60 percent’
 11 for ‘50 percent’), over

12 “(2) the amount of tax remitted.”.

13 (e) FAILURE TO FILE.—Section 6651 of the Internal
 14 Revenue Code of 1986 is amended by adding at the end
 15 the following new subsection:

16 “(k) APPLICATION TO EXCISE TAX ON SYSTEM-
 17 ICALLY IMPORTANT AI COMPANIES.—In the case of any
 18 failure to file any return of tax imposed under section
 19 5000E, subsection (a) shall not apply and there shall be
 20 added to the amount required to be shown as tax on such
 21 return \$1,000,000.”.

22 (f) RULES FOR EXPATRIATED ENTITIES.—

23 (1) IN GENERAL.—Subsection (b) of section
 24 7874 of the Internal Revenue Code of 1986 is
 25 amended to read as follows:

1 “(b) INVERTED CORPORATIONS TREATED AS DO-
2 MESTIC CORPORATIONS.—

3 “(1) IN GENERAL.—Notwithstanding section
4 7701(a)(4), a foreign corporation shall be treated for
5 purposes of this title as a domestic corporation if—

6 “(A) such corporation would be a surro-
7 gate foreign corporation if subsection (a)(2)
8 were applied by substituting ‘80 percent’ for
9 ‘60 percent’, or

10 “(B) such corporation is an inverted appli-
11 cable AI company.

12 “(2) INVERTED APPLICABLE AI COMPANY.—For
13 purposes of this subsection, a foreign corporation
14 shall be treated as an inverted applicable AI com-
15 pany if, pursuant to a plan (or a series of related
16 transactions)—

17 “(A) the entity completes the direct or in-
18 direct acquisition of—

19 “(i) substantially all of the properties
20 held directly or indirectly by a domestic
21 corporation which is an applicable AI com-
22 pany, or

23 “(ii) substantially all of the assets of,
24 or substantially all of the properties consti-
25 tuting a trade or business of, a domestic

1 partnership which is an applicable AI com-
2 pany, and

3 “(B) after the acquisition, either—

4 “(i) more than 50 percent of the stock
5 (by vote or value) of the entity is held—

6 “(I) in the case of an acquisition
7 with respect to a domestic corpora-
8 tion, by former shareholders of the
9 applicable AI company by reason of
10 holding stock in the applicable AI
11 company, or

12 “(II) in the case of an acquisition
13 with respect to a domestic partner-
14 ship, by former partners of the appli-
15 cable AI company by reason of hold-
16 ing a capital or profits interest in the
17 applicable AI company, or

18 “(ii) the management and control of
19 the expanded affiliated group which in-
20 cludes the entity occurs, directly or indi-
21 rectly, primarily within the United States,
22 and such expanded affiliated group has
23 significant domestic business activities.

24 “(3) EXCEPTION FOR CORPORATIONS WITH
25 SUBSTANTIAL BUSINESS ACTIVITIES IN FOREIGN

1 COUNTRY OF ORGANIZATION.—A foreign corporation
 2 described in paragraph (2) shall not be treated as an
 3 inverted applicable AI company if after the acqui-
 4 sition the expanded affiliated group which includes the
 5 entity has substantial business activities in the for-
 6 eign country in which or under the law of which the
 7 entity is created or organized when compared to the
 8 total business activities of such expanded affiliated
 9 group. For purposes of subsection (a)(2)(B)(iii) and
 10 the preceding sentence, the term ‘substantial busi-
 11 ness activities’ shall have the meaning given such
 12 term under regulations in effect on January 18,
 13 2017, except that the Secretary may issue regula-
 14 tions increasing the threshold percent in any of the
 15 tests under such regulations for determining if busi-
 16 ness activities constitute substantial business activi-
 17 ties for purposes of this paragraph.

18 “(4) MANAGEMENT AND CONTROL.—For pur-
 19 poses of paragraph (2)(B)(ii)—

20 “(A) IN GENERAL.—The Secretary shall
 21 prescribe regulations for purposes of deter-
 22 mining cases in which the management and
 23 control of an expanded affiliated group is to be
 24 treated as occurring, directly or indirectly, pri-
 25 marily within the United States.

1 “(B) EXECUTIVE OFFICERS AND SENIOR
2 MANAGEMENT.—Such regulations shall provide
3 that the management and control of an ex-
4 panded affiliated group shall be treated as oc-
5 curring, directly or indirectly, primarily within
6 the United States if substantially all of the ex-
7 ecutive officers and senior management of the
8 expanded affiliated group who exercise day-to-
9 day responsibility for making decisions involving
10 strategic, financial, and operational policies of
11 the expanded affiliated group are based or pri-
12 marily located within the United States. Indi-
13 viduals who in fact exercise such day-to-day re-
14 sponsibilities shall be treated as executive offi-
15 cers and senior management regardless of their
16 title.

17 “(5) SIGNIFICANT DOMESTIC BUSINESS ACTIVI-
18 TIES.—For purposes of paragraph (2)(B)(ii), an ex-
19 panded affiliated group has significant domestic
20 business activities if at least 25 percent of—

21 “(A) the employees of the group are based
22 in the United States,

23 “(B) the employee compensation incurred
24 by the group is incurred with respect to employ-
25 ees based in the United States,

1 “(C) the assets of the group are located in
2 the United States, or

3 “(D) the income of the group is derived in
4 the United States,
5 determined in the same manner as such determina-
6 tions are made for purposes of determining substan-
7 tial business activities under regulations referred to
8 in paragraph (3) as in effect on January 18, 2017,
9 but applied by treating all references in such regula-
10 tions to ‘foreign country’ and ‘relevant foreign coun-
11 try’ as references to ‘the United States’. The Sec-
12 retary may issue regulations decreasing the thresh-
13 old percent in any of the tests under such regula-
14 tions for determining if business activities constitute
15 significant domestic business activities for purposes
16 of this paragraph.

17 “(6) APPLICABLE AI COMPANY.—For purposes
18 of this section, the term ‘applicable AI company’ has
19 the meaning given such term under section 5000E.”.

20 (2) CONFORMING AMENDMENTS.—Subsection
21 (c) of section 7874 of such Code is amended—

22 (A) in paragraph (2)—

23 (i) by striking “subsection
24 (a)(2)(B)(ii)” and inserting “subsections
25 (a)(2)(B)(ii) and (b)(2)(B)(i)”; and

1 (ii) by inserting “or (b)(2)(A)” after
 2 “(a)(2)(B)(i)” in subparagraph (B);

3 (B) in paragraph (3), by inserting “or
 4 (b)(2)(B)(i), as the case may be,” after
 5 “(a)(2)(B)(ii)”;

6 (C) in paragraph (5), by striking “sub-
 7 section (a)(2)(B)(ii)” and inserting “sub-
 8 sections (a)(2)(B)(ii) and (b)(2)(B)(i)”;

9 (D) in paragraph (6), by inserting “or in-
 10 verted applicable AI company, as the case may
 11 be,” after “surrogate foreign corporation”.

12 (g) CLERICAL AMENDMENTS.—

13 (1) The table of chapters for subtitle D of the
 14 Internal Revenue Code of 1986 is amended by add-
 15 ing at the end the following new item:

“CHAPTER 50B—SYSTEMICALLY IMPORTANT AI COMPANIES”.

16 (2) The table of sections for subchapter A of
 17 chapter 98 of such Code is amended by adding at
 18 the end the following new item:

“Sec. 9512. American A.I. Sovereign Wealth Fund.”.

19 (3) The table of sections for subpart B of part
 20 III of subchapter A of chapter 61 of such Code is
 21 amended by adding at the end the following new
 22 item:

“Sec. 6050BB. Purchases from AI businesses.”.

1 (h) EFFECTIVE DATE.—The amendments made by
 2 this section shall take effect on the date that is 90 days
 3 after the date of the enactment of this Act.

4 **SEC. 4. STRUCTURAL SEPARATION.**

5 (a) DEFINITIONS.—

6 (1) APPLICABLE AI COMPANY; APPLICABLE AI
 7 TRADE OR BUSINESS.—The terms “applicable AI
 8 company” and “applicable AI trade or business”
 9 have the meanings given those terms, respectively, in
 10 section 5000E of the Internal Revenue Code of 1986
 11 (as added by section 3 of this Act).

12 (2) STRUCTURAL SEPARATION.—The term
 13 “structural separation”, with respect to an applica-
 14 ble AI company, means adoption of an operating
 15 structure under which the applicable AI company—

16 (A) does not conduct any business that is
 17 not an applicable AI trade or business;

18 (B) does not hold equity in, provide credit
 19 to, or otherwise provide financing to any busi-
 20 ness other than the applicable AI trade or busi-
 21 ness;

22 (C) is not held by any entity engaged in
 23 any business other than the applicable AI trade
 24 or business;

1 (D) does not share any officer or director
2 with any entity that is not an applicable AI
3 company; and

4 (E) does not participate in any joint ven-
5 tures with an entity that is not an applicable AI
6 company.

7 (b) STRUCTURAL SEPARATION REQUIRED.—The
8 Federal Trade Commission shall require that each applica-
9 ble AI company complete structural separation—

10 (1) with respect to an applicable AI company in
11 existence on the date of enactment of this Act, not
12 later than 90 days after the date of enactment of
13 this Act; and

14 (2) with respect to an applicable AI company
15 established on or after the date of enactment of this
16 Act, not later than 90 days after meeting the defini-
17 tion of an applicable AI company.

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